

ANNUAL REPORTING TO THE IRS - FORM 990

Once your non-profit organization has become tax-exempt, it will need to file annual returns with the IRS to maintain that tax-exempt status. The IRS Form 990 or 990EZ is the annual reporting form that your will use.

If your organization's annual gross receipts (total of all revenue and support, before deducting any costs) are normally under \$25,000 you are not required to file a Form 990.

There is a possibility that your organization may complete a shorter and simpler Form 990EZ if your gross receipts were less than \$100,000 in your reporting year and your total assets at the end of that year were \$250,000 or less.

If you are a 501 c 3 non-profit organization, you will also need to file a Schedule A with your Form 990 annually. For a brief description of some of the most common errors made in completing a Form 990, go to http://www.qual990.org/common_errors.html

If your organization has gross income of \$1,000 or more from an "unrelated trade or business" in any particular year, you'll also most likely need to file Form 990-T. If you have any questions about whether your organization is carrying on this type of activity, refer to IRS Publication 598 "Tax on Unrelated Business Income of Exempt Organizations" for further explanation. To request IRS publications, go to the IRS web-site at <http://www.irs.ustreas.gov>

The Form 990 or 990EX is typically due by the fifteenth day of the fifth month after the end of your organization's fiscal year. There is a penalty of \$10 a day for late filing. This penalty can reach a maximum of \$5,000. If after due notice of failure to file by the IRS, the form still isn't filed, the person or persons responsible for filing the Form 990 can, in addition, be assessed a penalty of the same amount personally.

When completing the Form 990 it is critical that every line be completed. If it doesn't appear that the question is pertinent to your organization, make sure that you answer "N/A" (not applicable), none or 0 - leaving a line blank could result in the IRS interpreting the form as incompletely filled out and they could fine your organization the \$10 a day fine until it is completed.

All 501 (c) organizations are required to make copies of their Form 990 available to anyone who requests them. For a more detailed description of the restrictions on how the Form 990 can be made available and within what timeframe, visit the following webpage http://www.qual990.org/IRS_regs.html

To complete the information for the Form 990 your organization will need to have maintained an accurate and complete accounting system. If you don't have an accountant on staff of your non-profit, you will likely want to recruit an accountant as a volunteer or contract with one to help your organization set up a comprehensive accounting system. If the numbers have been placed in the correct accounts to begin with, it shouldn't be too hard to report this information on the Form 990.

A line-by-line description of how to complete the Form 990 is available at:
<http://www.guidestar.org/learn/easy0005.stm>

A good resource book you might consider purchasing is:

A Nonprofit Organization Operating Manual by Arnold J. and Philip R. Olenick, 1991, 484 pages, \$29.95
from: The Foundation Center, 79 Fifth Avenue, New York, NY 10003-3075; phone 1-800-424-9836;
web: <http://www.fdncenter.org/>

Besides having numerous chapters on accounting methods, budgeting strategies, and auditing policies, there is also a comprehensive section on completing tax returns including a sample Form 990.

A good accounting guide is “Unified Financial Reporting System for Not-For-Profit Organizations: A Comprehensive Guide to Aligning Financial Reporting with IRS Form 990 and GAAP Based on a Unified Chart of Accounts”. This guide is the result of a partnership of the Independent Sector, the National Center for Charitable Statistics at the Urban Institute’s Center on Nonprofits and Philanthropy, and the Support Center for Nonprofit Management/San Francisco. To learn more about this book, visit either:

http://www.qual990.org/reporting_guide.html or <http://www.nccs.urban.org/>



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